

ASX Announcement

18 February 2016



H1 FY16 Results: Rapid Growth to Dominance from a Market Leader

Results

- Half year revenues up 90% to \$21.6m
- Underlying EBITDA \$2.1m, up 82% from H1 FY15
- Reported NPAT \$1.1m
- Underlying NPAT \$60k, up from (\$567k) net loss in H1 FY15

Highlights

- Rapid growth in Managed Public and Private Cloud to 80% of revenues
- Successful Integration of Infoplex acquisition boosting Hybrid Cloud appeal
- Professional Services revenues up 317% from H1 FY15
- Significant customer and service growth

Bulletproof is pleased to announce its results for the half year ended 31 December 2015, with growth across all areas of the business showing the end to end services strategy from the market leader in Cloud Services playing out.

	H1 FY15 (Actual)	H1 FY15 (Underlying ¹)	H1 FY16 (Actual)	H1 FY16 (Underlying ¹)	%change (underlying to pcip)
Revenue	\$11.4m	\$11.4m	\$21.6m	\$21.6m	+90%
EBITDA	\$2.5m	\$1.2m	\$3.1m	\$2.1m	+82%
EBIT	\$1.0m	(\$333k)	\$1.1m	\$129k	+139%
NPAT / (loss)	\$808k	(\$567k)	\$1.1m	\$60k	+111%

¹ See attached reconciliation of Actual to Underlying - refer page 5

The strong revenue growth shows the increasing appeal of the wider, consolidated Bulletproof offering, allowing growth above market trend. The period has also seen significant customer wins (including Barbecues Galore, Nestle Australia, Minter Ellison and Fred Hollows Foundation).

Speaking about the results, Bulletproof CEO, Anthony Woodward, said:

“Bulletproof’s strategic acquisitions and organic growth initiatives to bring comprehensive end to end Cloud Services to the market continue to deliver revenue and profitability growth well above market trend. Managed Cloud revenues were up 72% from H1 FY15, showing the ongoing appeal to customers of our Managed Public and Private offerings. Our rapidly growing professional services practice resulted in once-off revenues growing over 300% compared with H1 FY15, as the demand for partnering to migrate applications picks up across the entire customer base.

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Our underlying EBIT was up 139% on the corresponding period from FY15, showing sustained profitability while we continue to invest into the growth opportunity in the cloud services market. Being named the 2015 Frost & Sullivan Australia Managed Cloud Service Provider of the Year, cements our clear leadership in the region's cloud services market. We are naturally very pleased with this performance, and look forward to an even stronger full year result."

Business operating performance

Underlying NPAT of \$60k was up from a net loss of \$567k in H1 FY15. The Company has continued to invest into the growth curve to capture the opportunity in the market as shown by the increased growth rate, with staff numbers increasing to 160, including those brought on through the acquisition of Infoplex.

Consolidated Hybrid Cloud offering meets with Market Appeal

With the completed acquisition of Infoplex, the Company strengthened its private cloud offering with a market-leading, ISO27001-certified private cloud platform. The resulting combined offering has strong appeal to customers seeking to migrate from on-premise or private data centres to take advantage of cloud, while meeting stringent regulatory and compliance requirements such as disaster recovery and backup options not typically available in public cloud offerings.

Continued dominance in Managed Cloud

The ongoing rapid growth of Managed Cloud revenues is reflective of the company's efforts and continued market leadership in the space. During the period, Bulletproof was awarded Premier Consulting Partner status with Amazon Web Services (AWS) for the third year running, and has since been certified with Managed Service Provider capability, following an extensive audit process AWS requires its leading partners to pass. With a 72% revenue increase on H1 FY15 to \$17.3m, strong growth in managed service continues to drive the overall performance of the Company.

Professional Services offering builds rapidly

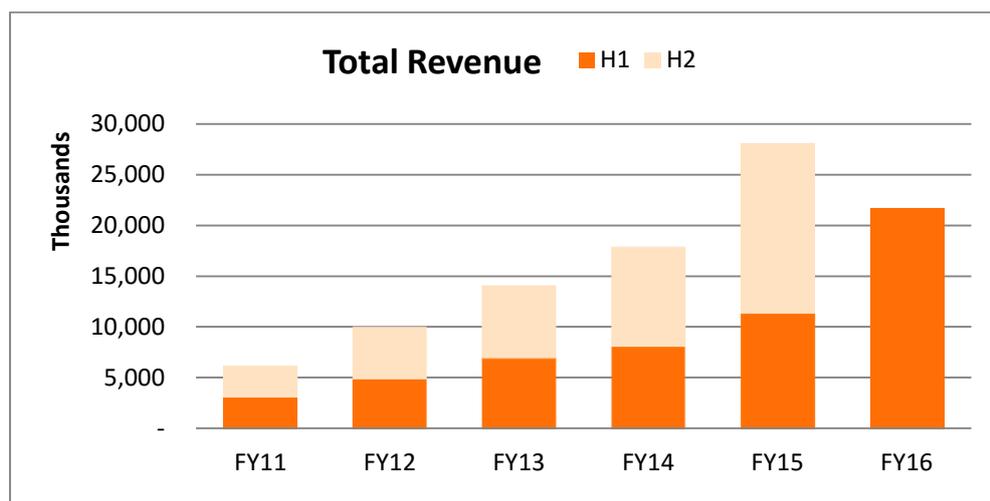
Customers continue to recognise the transformative benefits of migrating their applications to the cloud. The ongoing growth of Professional Services reflects the need for customers to work with a trusted partner to analyse, plan, migrate and then manage their applications as they undertake this change. Whether their applications require private, public, or more commonly, hybrid (incorporating public and private into one cohesive service) cloud services, professional services continues to be a requirement.

Bulletproof continues to lead the Australian market in offering a complete suite of Cloud services end to end, enabling organisations to truly leverage Cloud technologies to transform their business.

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Strong growth in Recurring, Enterprise-focused revenue

Recurring revenue in H1 FY16 represented over 80% of all revenues, as the Company continues to see customers building on their existing cloud footprint when migrating more applications to cloud. Typical customer scale is also growing, with a number of significant enterprise customer wins continuing to build.



Product Development

The Company continues to invest in platform product development, aimed at providing key business outcomes for customers and improving operating leverage by automating many common tasks for cloud customers. This has resulted in the successful testing and deployment of two major retail customers on its retail integration platform, along with successful pilots. The company is now gearing up for full sales and marketing activity for its range of managed digital application platform services, expected to deliver revenues in future periods.

Performance Shares and Pantha deferred consideration shares

The acquisition of Bulletproof Networks by the Company in FY14 included the issue of Class B Performance shares, of which 13,333,336 were converted to ordinary shares in favour of the vendors of Bulletproof Networks as a result of FY15 EBITDA performance.

The Company agreed certain performance metrics with the vendors of Pantha Corp at the time of its acquisition in December 2014. As a result of performance achieved, during the period, 456,125 deferred consideration shares were issued to the Pantha Corp vendors. A further 920,027 deferred consideration shares will be issued to the Pantha Corp vendors following the release of audited figures for the period.

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FY16 Outlook

Bulletproof expects its strong growth in revenue and profitability to at least meet market trends as scale leads it to benefit from operating leverage, while a wider offering allows for more revenue opportunity across prospective and existing customer bases.

The recently-announced completion of the acquisition of New Zealand's Cloud House business will drive New Zealand cloud services revenue, with approximately four months' contribution to H2 FY16.

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About Bulletproof

Bulletproof Group Limited is an Australian-owned, publicly listed company with offices in Sydney and Melbourne, Australia, Auckland and Wellington, New Zealand and employees in the USA. Bulletproof Group shares are listed on the Australian Securities Exchange (ASX) and are traded under the code BPF.

Founded in 2000, Bulletproof is Australia's leading end-to-end mission critical Cloud Services provider, providing Cloud Services to business, enterprise and government customers. Bulletproof has consistently been first to market with public and private cloud based services and innovations. With over 14 years of experience in managed hosting and Cloud Services, Bulletproof continues to drive industry innovation since being the first provider in Australia to launch a VMware public cloud service in 2006, the first in 2012 to provide Managed AWS services and in 2013, Bulletproof was given the status of the first and leading AWS Premier Consulting Partner in Australia and New Zealand.

Bulletproof's world-class service allows customers to focus on their core business to ensure they have the freedom to be remarkable.

Reconciliation of Actual to Underlying Performance	31 December 2015 \$	31 December 2014 \$
Profit for the period	1,071,905	808,496
(Gain) / Loss on revaluation of financial liabilities	1,464,273	(1,375,000)
Write back of financial liabilities	(997,777)	-
Acquisition costs	410,246	-
Gain from a bargain purchase in business combination	(1,888,497)	-
Underlying Profit / (Loss) for the period	60,150	(566,504)
Net Interest	51,023	60,809
Depreciation and amortisation expense	1,975,940	1,487,838
Current Tax Expense	(291)	59,160
Deferred Tax Expense / (Benefit)	18,414	113,728
Underlying EBITDA for the period	2,105,236	1,155,031